

This Instrument Prepared By:
Metropolitan Housing Trust Fund Commission
800 2nd Avenue South
Nashville, Tennessee 37210

Exhibit A

DECLARATION OF RESTRICTIVE COVENANTS

2022

This Declaration of Restrictive Covenants (“Declaration”) is made by the Metropolitan Government of Nashville and Davidson County (“Metro”) by and through the Metro Housing Trust Fund Commission (“Commission”). This Declaration applies to the real property located at:

[List of Lot(s) Address(es)]

RECITALS

WHEREAS, Metro has provided funds to develop the Property; and,

WHEREAS, the intent of Metro in providing the funds is to create affordable housing on the Property for persons of low income; and,

WHEREAS, the intent of the Grantor is to preserve through this Declaration the affordability of the Property for persons of low income citizens of Davidson County.

Declaration

Now, therefore, for and in consideration of the matters set forth in the Recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor, by this Declaration, does declare the Property is and shall be held, transferred, sold, conveyed, and occupied subject to the following covenants, restrictions, easements, charges, liens and agreements set forth in this Declaration, which shall run with the Property and be binding on all parties having any right, title or interest in any of the Property or any part thereof and their heirs, successors and assigns.

1. Definitions.

- a. “Affordability Period” shall mean the period of time commencing upon the signing of this Declaration with the Metropolitan Government of Nashville and Davidson County Register of Deeds and continuing in effect for a period of thirty (30) years

thereafter.

- b. “Annual Income” shall have the same meaning as in HUD regulations found in 24 CFR part 5, entitled “General HUD Program Requirements; Waivers”.
 - c. “Area” means the metropolitan statistical area that includes Davidson County, Tennessee.
 - d. “Area Median Income” means the median annual income for a family of four for the Area most recently published by the United States Department of Housing and Urban Development (“HUD”).
 - e. “Certificate of Eligibility” means a certificate issued by the Metropolitan Government, the Grantee, or a HUD-certified counseling agency confirming that the holder of the certificate is a Qualified Household.
 - f. “Commission” means the Metro Housing Trust Fund Commission (also known as the “Barnes Fund”).
 - g. “Grantee” means the entity to which the Metropolitan Government first conveys the Property or funds with which that entity has agreed to construct or provide affordable housing.
 - h. “Qualified Property Owner” means an individual, business, or other such organization that rents to households who meet the “Qualified Household” definition within the affordability period should the property be sold, attained, or held without Metropolitan Government involvement.
 - i. “Renter” means the legal occupant of the Property other than the Grantee.
 - j. “HUD” means the United States Department of Housing and Urban Development.
 - k. “Mortgagee” means a lender who acquires a valid recorded security interest in connection the Grantee’s acquisition of the Property.
 - l. “Qualified Household” means a household that at the time of applying for a Certificate of Eligibility meets the following requirements to become a Renter has Annual Income that does not exceed 60 percent of the Area Median Income dependent on family size as determined by the most recent Area Media Income (AMI) guidelines that are published annually by HUD. The number of Qualified Households must meet the number or percentage of units in any one development as prescribed by the original Metro Contract obligation.
2. **Requirement of Title.** Compliance with the provision of this Declaration shall be deemed to be a requirement of title. The Property may not be transferred to any person

or entity other than a Qualified Property Owner except as otherwise provided in this Declaration.

3. **Affordability Requirements.** Throughout the Affordability Period, no Property shall be rented except to a Qualified Household for use by said qualified renter solely as a principal residence. The annual AMI income limits are shown below for illustrative purposes. These income limits are updated annually by HUD and the determination of whether a new Renter qualifies as a Qualified Household. When qualifying a person as a potential renter, the most recently published annual income limits will be used.

2022 INCOME LIMITS

Nashville-Davidson—Murfreesboro—Franklin, TN MSA

	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
60% Income Limit	\$39,660	\$45,300	\$50,940	\$56,580	\$61,140	\$65,640	\$70,200	\$74,700

During the Affordability Period, a Grantee desiring to sell, dispose of or otherwise convey the Property, shall so notify the Commission in writing (the "Conveyance Notice"). Grantee is responsible for finding a Qualified Property Owner who will secure Renters that meet the requirements of a Qualified Household. The sale to the Qualified Property Owner must occur within six (6) months of completion of the Conveyance Notice.

4. **Use During the Affordability Period.** During the Affordability Period: (i) every residential unit must be occupied for at least 10 months each year except with the Commission's express written consent; (ii) and the Property may only be used as a principal residence of the Renter and their heirs.
5. **Permitted Structures.** Throughout the Affordability Period, only structures permitted in residentially zoned areas of the Metropolitan Government may be built upon the Property.
6. **Foreclosure.** The holder of record of any mortgage or other encumbrance on the Property (each a "Mortgagee") and Grantee, or Qualified Property Owner shall comply with the following provisions upon foreclosure proceedings or similar remedial action pursuant to its mortgage or other encumbrance:

(a) The Grantee or Qualified Property Owner shall provide permission to the Mortgagee for the Mortgagee to notify Metro in the event of any default for which Mortgagee intends to commence foreclosure proceedings or similar remedial action pursuant to its mortgage (the "Foreclosure Notice"). This notice shall be sent by Mortgagee to Metro according to the notice provision of this Agreement, not less than ninety (90) days prior to the foreclosure sale or the acceptance of a deed in lieu of foreclosure. The Grantee shall also deliver a copy of the Foreclosure Notice and any other communications and disclosures made by the Mortgagee pursuant to any instrument relating to a mortgage or encumbrance to Metro promptly upon receipt.

(b) Metro shall have the first right of refusal and option to purchase the Property for a price not to exceed the outstanding balance of the delinquent mortgage, costs associated with collection actions taken up to the purchase date and agreed upon closing costs. At the conclusion of ten (10) days, Metro will provide Mortgagee written notice as to its decision to exercise or refuse its option to purchase the Property. At the conclusion of the sixty (60) days after receipt of the Foreclosure Notice, if Metro does not exercise its option to purchase the Property, Metro will provide written notice thereof to Mortgagee, upon the receipt of which the Mortgagee may proceed with its right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure. After such foreclosure or acceptance of a deed in lieu of foreclosure, this declaration shall be forever terminated and shall have no further effect as to the Property or any transferee thereafter.

7. **Conveyance by Operation of Law.** In the event that an ownership interest in a Property is transferred by operation of law, death, divorce, court order or other similar occurrence, the person or persons ("Transferee") to whom the Property is transferred shall, within 60 days after such transfer becomes effective (the effective date of the transfer being the "Transfer Date"), notify Grantee and the Commission in writing of the transfer and either (1) obtain a Certificate of Eligibility, (2) promptly and diligently seek to sell the Property to a Qualified Property Owner, (3) sell the Property to the Grantee for a price not to exceed the outstanding balance of the first and second mortgages and agreed upon closing costs. Grantee shall notify Metro of its decision to exercise or refuse its option to purchase within ten (10) days of the Transfer Date. In the event Grantee declines its option to purchase the Property, Metro shall have a right to purchase the property for a price not to exceed the outstanding balance of the first and second mortgages and agreed upon closing costs. In the event neither Metro nor Grantee exercises its option to purchase the Property, Transferee shall be entitled to maintain ownership of the Property or sell the property to a household that does not meet the income-based requirements of a Qualified Household ("Ineligible

Household”). Should a Transferee who is required to sell the Property fail to do so within 120 days after the Transfer Date, such Transferee or Homeowner shall notify Metro in writing (“Transfer Notice”) of such fact, which shall constitute a breach of this Declaration.

In the event of purchase of the Property by the Grantee, the Grantee shall promptly notify Metro in writing of the purchase and diligently seek to sell the Property to a Qualified Household. Should the Grantee be unable to find a Qualified Household to buy or lease the Property despite a good faith effort, including listing the Property with a licensed real estate agent for at least one hundred twenty (120) days, then Metro shall have the option to purchase the Property from the Grantee for the total purchase amount paid by the Grantee to the Transferee. If Metro declines its option to purchase the Property from the Grantee, the Grantee may then sell the Property to an Ineligible Household.

8. **Prohibition on Discrimination.** No person shall, on the grounds of race, color, sex, religion, sexual orientation or national origin, be excluded from participation in, be denied the benefits of, or otherwise subject to discrimination with regard to the sale, lease, rental, use or occupancy of the Property.
9. **Severability.** The invalidity of any clause, part, provision or section of these Restrictive Covenants shall not affect the validity of the remaining portions herein.
10. **Notices.** Notice required by this Declaration to be given to the Commission shall be delivered to:

Metro Housing Trust Fund Commission
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210

Notices required by this Declaration to be given to the Grantee shall be delivered to:

[Grantee Name]
[Grantee Address]
[Grantee City, State Zip]

Notices required by this Declaration to be given to a Mortgagee shall be delivered to the notice address on the deed of trust given to the Mortgagee.

Notices required by this Declaration to be given to a Grantee, Qualified Property Owner, or Transferee shall be delivered to the Property.

Any notices, demands or requests that may be given under this Declaration shall be sufficiently served if given in writing and delivered by hand or mailed by certified or registered mail, postage prepaid, return receipt requested, to the entities and parties in interest at the addresses designated above, or such other addresses as may be specified by any party (or its successor) by such notice. Any such notice, demand or request shall be deemed to have been given on the day it is hand delivered or mailed.

11. **Amendment.** The Commission shall have the right to amend, modify or release this Declaration by an instrument recorded with the office of the Davidson County Register of Deeds, provided that any amendment or modification shall not impose materially greater obligations on, nor materially diminish the rights of, Grantee, Qualified Property Owner, Renter, or any Mortgagee. Without limitation, the Metropolitan Government shall have the right to establish or change resale restrictions for any Property subject to this Declaration, subject to the foregoing proviso.
12. **Compliance with Applicable Laws.** Any person or entity claiming an interest in any Property covered by this Declaration shall comply with all applicable federal, state or local laws, statutes, ordinances, codes, rules, regulations, as may be amended from time to time. For clarification, despite the fact that various HUD regulations and regulations regarding HUD programs, said regulations are incorporated only for convenience in establishing commonly understood affordability requirements and do not apply generally to the Property. Instead, such regulations apply only to the extent explicitly set forth in this Declaration.
13. **Breach and Enforcement.** In the event of a breach or violation of this Declaration, the Commission shall have the right to take such enforcement action as it determines may be necessary, including, without limitation, the right to seek:
 - a. injunctive or other equitable relief;
 - b. disgorgement of sale proceeds attributable to a sale in violation of this Declaration;
 - c. rescission of any sale in violation of this Declaration; and
 - d. specific performance.
14. **Governing Law and Venue.** This Declaration shall be governed by the laws of the State of Tennessee. No action arising out of this Declaration shall be brought except in the Chancery or Circuit Courts of Davidson County, Tennessee.

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed as of the date first written above.

[Name of Organization]

By: _____
CEO/ED Name

Its: _____
Chief Executive Officer

**STATE OF TENNESSEE
COUNTY OF DAVIDSON**

Before me, the undersigned a Notary Public, in and for the State and County aforesaid, personally appeared, **[Executive Director Name]**, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be the **Executive Director** of **[Organization Name]** executed the foregoing instrument for the purposes therein contained, by signing the name of **[Organization Name]** and themselves as **Executive Director**.

WITNESS my hand and official seal at Nashville, Tennessee, this _____ day of _____, 2021.

NOTARY PUBLIC

My Commission Expires: _____